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## BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

APR 18 2000

CARL J. KUNASEK  
ChairmanJIM IRVIN  
CommissionerWILLIAM A. MUNDELL  
Commissioner

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IN THE MATTER OF TUCSON ELECTRIC  
POWER COMPANY - APPLICATION FOR  
APPROVAL OF A WAIVER OF CERTAIN  
REQUIREMENTS OF A.A.C. R14-2-1609

DOCKET NO. RE-00000C-94-0165

DECISION NO. 62447

ORDER

Open Meeting  
April 11 and 12, 2000  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Tucson Electric Power Company ("TEP") is certificated to provide electric service as a public service corporation in the State of Arizona.

2. On January 4, 2000, TEP filed an application for a waiver of certain requirements of A.A.C. R14-2-1609, a Commission rule that addresses access to transmission and distribution facilities. In particular, TEP requested a waiver of Subsections D, E, and part of I.

3. A.A.C. R14-2-1609.D requires Affected Utilities that own or operate Arizona transmission facilities to form the Arizona Independent Scheduling Administrator ("AISA"). The AISA was supposed to file for approval with the Federal Energy Regulatory Commission ("FERC") within 60 days of this Commission's adoption of final retail electric competition rules. The final rules were adopted on September 29, 1999, and R14-2-1609 required the AISA to file for FERC approval on or about November 30, 1999. The AISA has not made its FERC filing.

4. R14-2-1609.E requires Affected Utilities that own or operate Arizona transmission facilities to file a proposed AISA implementation plan with the Commission within 30 days of the Commission's adoption of final Retail Electric Competition rules. TEP has not filed the proposed Arizona Independent Scheduling Administrator's implementation plan.

1           5.       Part of R14-2-1609.I requires Affected Utilities and other stakeholders, under AISA  
2 auspices, to develop statewide protocols for pricing and availability of services from Must-Run  
3 Generating Units. These protocols are to be presented to the Commission for review and, when  
4 appropriate, approval prior to being filed with FERC in conjunction with the AISA tariff filing.

5           6.       R14-2-1609.D states that an ISA is necessary in order to provide nondiscriminatory  
6 retail access and to facilitate a robust and efficient electricity market. TEP is currently working with  
7 other entities to form and implement an AISA. However, the members of the AISA have not been  
8 able to agree on a set of operational and administrative protocols to govern operations of the AISA.  
9 TEP has requested the waiver because it believes that it can neither comply with the requirements  
10 of Subsections D, E, and part of I, nor compel AISA to comply with the requirements.

11          7.       Staff recognizes that the Affected Utilities may be unable to force other AISA  
12 members to reach agreement. If the AISA members cannot agree on protocols to be used, then  
13 alternative measures need to be put in place. Staff recommends that the Commission order TEP to  
14 collaborate with the other major Arizona transmission line owners (AEPCO and APS) on a set of  
15 protocols and jointly submit those protocols within fifteen days of the date of this order to the  
16 Commission for review and approval. These protocols may then be used until AISA, Desert STAR,  
17 or some similar appropriate organization becomes operational. TEP should also be ordered to ask  
18 SRP to participate in the discussions with APS, TEP, and AEPCO.

19          8.       The protocols should include, but not be limited to, the subjects of available  
20 transmission capacity calculation, transmission system transfer capabilities, committed uses of the  
21 transmission system, available transfer capabilities, must-run generating units, energy imbalances,  
22 energy scheduling, dispute resolution, and transmission planning.

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8           10.       Staff recommends, however, that the Commission grant TEP an extension of time in  
9 which to comply with R14-2-1609. Staff recommends that the Commission extend TEP's deadline  
0 for complying with R14-2-1609 to May 15, 2000. At that time, Staff can evaluate the adequacy of  
1 the protocols filed by the transmission providers as well as the status of AISA.

### CONCLUSIONS OF LAW

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**ORDER**

THEREFORE, IT IS ORDERED that the application for a waiver of portions of A.A.C. R14-2-1609 is hereby denied.

IT IS FURTHER ORDERED that TEP's deadline for complying with R14-2-1609 is extended to June 15, 2000.

IT IS FURTHER ORDERED that TEP collaborate with the other major Arizona transmission line owners (APS and AEPCO) on a set of protocols and jointly submit those protocols by June 15, 2000.

IT IS FURTHER ORDERED that TEP shall ask SRP to participate in the discussions with TEP, APS, and AEPCO.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY ORDER OF THE ARIZONA CORPORATION COMMISSION**  
CHAIRMAN  
COMMISSIONER  
COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 18<sup>th</sup> day of April, 2000.

  
BRIAN C. McNEIL  
Executive Secretary

DISSENT: \_\_\_\_\_

DRS:RTW:sjsJFW

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